

ANALYSIS OF BUSINESS PROMOTION SYSTEMS IMPLEMENTATION WITHIN EXPORTING ROMANIAN COMPANIES

Lect. Laura Dindire Ph. D
Constantin Brâncoveanu University of Pitești
Faculty of Legal Sciences, Administrative and
Communication Pitești, Romania
Lect. Cristina Gănescu Ph. D
Constantin Brâncoveanu University of Pitești
Faculty of Management Marketing in Economics Affaires
Pitești, Romania

Abstract: : Scientific investigation carried out to prepare this communication is based on the issues as systemic organization of promotional activity, a fundamental approach, with profound implications on the efficiency of promoting Romanian exports. Hypothesis which would be considered is that among economic, unsuccessful efforts made to promote products, services or image of the exporting firms, both domestic and especially in foreign markets have been caused by the ignorance of the interdependence of promotional techniques, of the effects and repercussions passed on the organizations when the importance of changes in a field on the whole is being minimized, and of low emphasis on promoting economic affairs.

JEL classification: M16, M31

Key words: promotional system, strategy to promote economic affairs, conceptual models of promoting, promotional techniques, Scientific Research.

1. INTRODUCTION

We believe that according to the systemic approach, promotion takes the form of variables that are interrelated and whose changes need to take into account the implications on other components. In the process of developing promotional strategies it should consider that when promoting products in foreign markets, there are many factors that act on each other, thus isolating promotional techniques, independent treatment may lead to simplistic and ineffective approach of promotional activities. The systemic approach provides managers the ability to think the changes in terms of inter-conditioning between elements, because it is not possible to change a part of an assembly without changing the whole assembly¹.

Since the concept of system has become a basic tool in research and economic analysis, an economic system that belongs to a larger system: social macro system and that includes complex subsystems: economic branches inter-conditioned on the basis of a set of connections that respond to the objectives trends of the system's evolution, we'll

¹ (Burduș, E., Căprărescu G., Fundamentele managementului organizației, Ed. Economică, București, p. 27, 1999)

demonstrate the need to analyze the promotion of domestic and international economic affairs as complex system.

2. OBJECTIVES

The main purpose of the research is to investigate deficiencies arising in business promoting systems in order to develop proposals for improvement to increase performance of Romanian companies in foreign markets. In this respect, a direct research-based on a structured questionnaire was applied in 180 Romanian enterprises with export activity, firms chosen by random sampling, but taking into account their size, form of ownership, and main activity.

The sample structure was:

- a. the size of the company: Micro enterprises: 40%; small enterprises: 15%; medium enterprises: 30%; large enterprises: 15%;
- b. by form of ownership: private companies: 90%; Joint private- public-owned enterprises: 10%;
- c. by main activity: Agriculture: 5%; Mining industry: 10%; Manufacturing: 60%; Electricity, gas and water: 5%; Tourism: 10%; Transport: 10%.

The questionnaire used for conducting research includes 23 questions, of which 11 closed, 6 open and 5 questions of structure. Objectives of the study were:

- knowing the extent of use of promoting by exporting companies;
- identifying key promotional techniques used to promote products and services;
- delineating annual advertising budgets;
- indicating specialized structures dealing with the promotion of products, in the companies surveyed;
- shaping a profile and image of exporting enterprises.

3. METHODOLOGY

Research methodology was based on the use of structured questionnaire - survey, as quantitative method positivist – explanatory oriented; the data were processed by statistical – mathematical methods and comprehensive methods of analysis, and for data interpretation were used the deductive method by which specific phenomena of promoting Romanian business will be extrapolated , based on real data, and the method of causal explanation, which will be organized topically on those benefits and opportunities that directly relate to enterprises with foreign trade activity.

4. ANALYSES

We believe that the imperatives of using the concept of promotional systems could be the following:

- systemic interpretation of promoting offers the frame of integrative approach of promotional processes, whereas consider promotion as a unified entity and not a simply join of component promotional techniques;
- synergistic nature, meaning that effective use of promoting system is significantly superior to the amount of components, and the degree of selection and combination of the most suitable promotional tools can substantially increase the positive effects of a campaign;
- highlighting complex qualitative boundaries that could not otherwise being obtained, if only the components of the promotional system, individually, are being analyzed;

- systemic vision of promotion allow the use of methodological tools of investigation, establishing the link between the system and the environment;
- promotional system consists of subsystems: advertising, public relations, fairs and exhibitions, sponsorship, personal selling, sales promotion, being integrated into an over system: the economic system, complex relationships between various systems being reflected;
- using single and independent promotional subsystems cannot generate effective sustainable, long term results, leading to boost economic affairs. For example, production of advertising campaigns, even of those efficient in terms of strategy or techniques used, without using public relations techniques simultaneously, does not reach certain audiences reluctant to advertise, but that is the target audience of the company. On the other hand, only through participation in fairs and exhibitions, without recourse to advertising and public relations, the company fails to manage its image in domestic and international environment.

As long as in order to achieve performance in terms of promoting economic affairs, are required joint efforts of all the specific techniques that are interrelated and whose changes need to take into account the implications on other components, planning and coordination of activities which promote business are therefore urgently needed. Fundamental premises of the planning school, which can be used successfully in promoting, are summarized as follows:

1. The training strategy should be a controlled and conscious process, as well as formalized and developed, split into distinct phases, each with defined checklists and supported by procedural techniques;
2. Responsibility for the overall process belongs, in principle, to the Executive Director; responsibility for its execution belongs to the planners of the respective echelon;
3. Strategies are output of this process completely developed, usually as a generic position, to be explained so that they can be implemented through detailed attention given to objectives, budgets, programs and operational plans of all kinds².

Another pillar of the referential use of promotional schemes well founded, and adapted to market demands is the strategy of promoting business. Thus, the company needs to grafts its promotion on the following process: setting clear objective of promoting and budget; deciding which media are best adapted to the business, brand and budget; designing promotional message to rely on the brand and to attract attention; testing promotional message; and, finally, after it is confident that the message or promotional campaign works, its implementation is following³. In this step, consumer behavior research can be useful in setting goals of promotion. For example, if research indicates that most consumers have heard of the brand product but know nothing about it, the objective of promoting could be: increased transmission of as much information about the brand⁴. Strategic approach to promoting business can be seen as a strategic triangle and includes: target audience segmentation, the basis of functional emotional benefits supplied by the brand, providing value in the market segment (brand value proposition) and the axis of inducement instruments to be used to achieve promotional goals⁵.

² (Mintzberg, H., *Ascensiunea și declinul planificării strategice*, Ed. Publica, București, p. 58, 2008)

³ (Strauss, D.S., *The Small Business Bible*, John Wiley & Sons, Inc., New Jersey, p. 330, 2008)

⁴ (Hoyer, D., Macinnis, D.J., *Consumer Behavior*, Cengage Learning Inc., p. 21, 2009)

⁵ (O'Guinn, T., Allen, T.C., Semenik, J.R., *Advertising & Integrated brand promotion*, Cengage Learning, p. 220, 2009)

A special model used mainly in solving the problems of the system belongs to John Marston and is called RACE model, where: R = Research , A= Action, C = Communication , E = Evaluation. Jerry Hendrix, on the basis of this model, conceived ROPE model: R = Research, O = Objectives, P = Programming, E = Evaluation.^{6,7} . Another model of public relations strategy, particularly important as subsystem of promotional system, is proposed by the experts Scott M. Cutlip, Allen H. Center and Glen M. Broom. It consists of a four-step process: 1) Definition of public relations problems; 2) planning and programming, 3) act and communicate, 4) Evaluation of the program⁸ . We agree with the opinion of specialist Anne Gregory, that public relations can play the best role in developing a successful campaign, when all other elements of marketing communication efforts are present and integrated with them⁹.

Scientific research conducted to prepare this communication is based on the need for scientific investigation of the use of business promoting systems to promote economic affairs, the importance of promotion and image of products or services in foreign markets, the promotional techniques used by Romanian exporters. It also must investigate what is specific to the Romanian business environment, in terms of promotion systems implementation, taking into account that cultural diversity is transposed into the multicultural approach of promotion; there are specific aspects depending on the country where promotion strategies are used. In the countries of Northern Europe, North America, Scandinavia and Australia, for example, the persuasive effort of promotion is characterized by directness of the messages, use of superlatives, low attention given to establishing long term relationships, use of aggressive promotions, use explicit comparisons, focusing on individual asset allocation¹⁰.

Key findings:

Analyzing and interpreting information gathered highlighted several fundamental aspects.

- In assessing the degree to which promotional techniques (advertising, public relations, participation in fairs and exhibitions, sponsorships, etc..) can contribute to the dynamism of exports, the answers were quite varied. In equal shares, of 30%, some exporters considered that the promotional techniques greatly influence the level of exports, while others considered that on the contrary, exports are only slightly influenced by promotional tools, issues presented in chart no. 1.

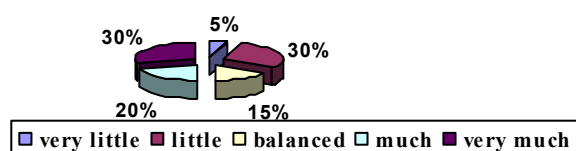


Chart no. 1. Degree to which promotional techniques contribute to the dynamism of exports

⁶ (Jerry, H., Darell, H., Public Relations Cases, Cengage Learning, 2009)

⁷ (Rus, F.C., Campanii și strategii de PR, Institutul European, Iași, p. 51, 2009)

⁸ (Scott, M.C., Allen, H.C., Glen, M.B., Effective Public Relations, ed. a 8-a, Prentice Hall, New Jersey, p. 341, 2000)

⁹ (Gregory, A. (coord.), Relațiile publice în practică, Ed. All Beck, București, p. 20, 2005)

¹⁰ (Guffey, M.E., Business Communications Process&Product, Cengage Learning Inc., p. 259, 2008)

- The views of exporters on the promotional techniques used to promote products or services have shown that advertising holds first place, followed by sales promotion, trade fairs and exhibitions, personal selling, public relations and sponsorship, according to chart no. 2:

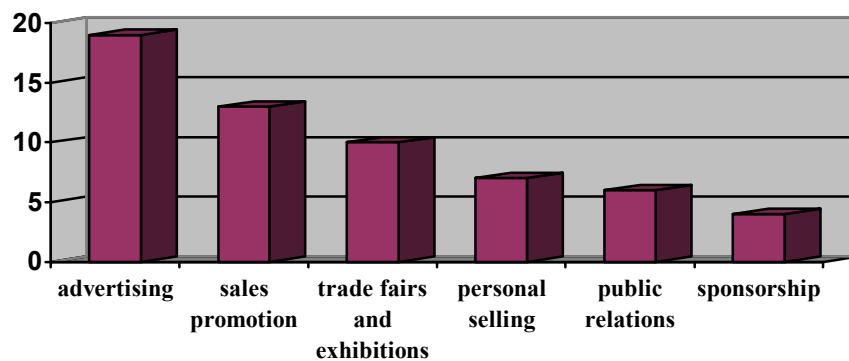


Chart no. 2. Views of exporters on the promotional techniques used

- Regarding the structures used by the exporting companies to promote products, 60% of company managers said they have an own department within the company, 25% that they call on the services of specialized agencies and 15% that they do not call any institutional structure to that effect, which shows serious shortcomings in the work (chart no. 3).

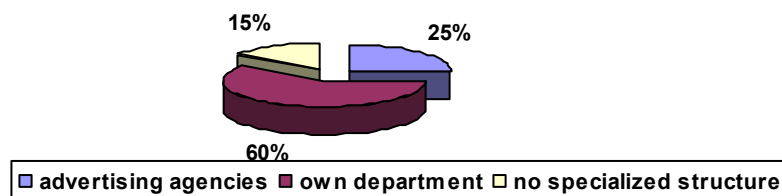


Chart no. 3. Specialized structures in charge of product/services promoting

- Analyzing the coverage of promotion done by exporters, it appeared that most of them, 55%, promotes their products at national level only, which is not enough, given that production is designed also for overseas markets, and only 25% of them are involved in promotional actions on international markets, as evidenced by the chart no. 4.

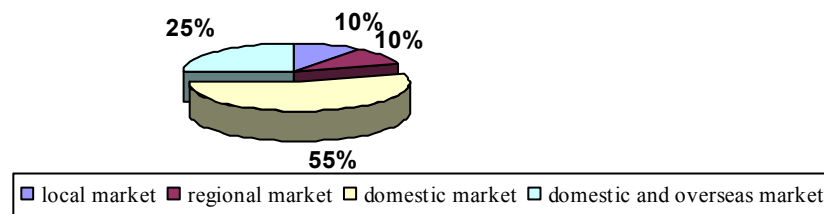


Chart no. 4. Coverage of business promotion

- Regarding the percentage of turnover allocated by exporters to promote products, it was estimated to be between 1% and 6%, although we believe that many of them didn't reply in an informed manner. Say this because at a budget to promote of 5 to 6% is unacceptable to not have well developed promoting strategies or annual budgets for advertising, situations encountered in some cases. As shown in chart no. 5, most exporters, 40%, however allocated fairly small amounts for promotion: 1% of the turnover.

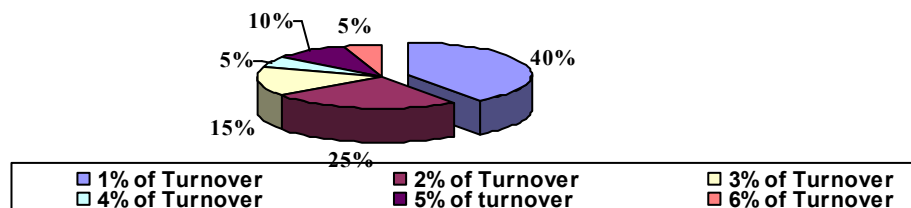


Chart no. 5. Percentage of Turnover allocated to product/ services promotion

- Another serious deficiency that resulted from the application of the questionnaire was that half of the firms analyzed can not make assessment of the number and importance of competitors in the markets where they act, or they have superficial information on this issue (chart no. 6) .

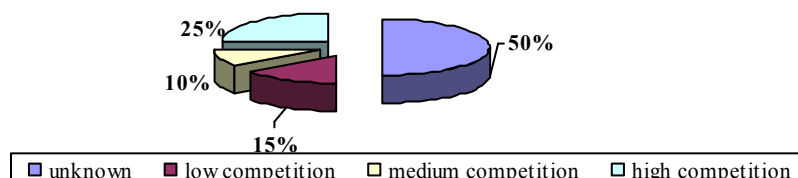


Chart. 6. Competition on the market where surveyed companies act

- Regarding the main factors affecting the volume of exports, both positively and negatively, 80% of companies surveyed have no opinion on this issue. Other managers said that the main factors positively affecting exports are: the price/ quality ratio, company reputation, quality of the products, highly skilled workers paid more cheaply. Factors influencing in a negative sense, according to exporters, were exchange rate fluctuations and delays in payment. This analysis shows poor information of the managers, even some leading medium and large business.

- Regarding the importance of branded products in the competitive fight on foreign markets, 60% of the exporters felt that they can cope more easily on these markets, while

40% do not realize the impact of branded products for international success. It follows, therefore, another aspect with negative influences in terms of promoting products, since many exporters have not yet understood how important are the brands in the competition dispute, to withstand on the extremely demanding foreign markets (chart no.7.) .

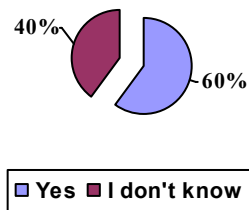


Chart no. 7. Importance of branded products in the competitive fight on foreign markets

- Regarding the promotional techniques used, the ranking according to their importance was the following : first place (the most commonly used) - the advertising, followed by personal selling, trade fairs and exhibitions, then the public relations, sales promotion and the last place -the sponsorship. Given that some of the surveyed companies offer consumer goods, and other companies offer industrial products, ranking achieved is justified. Positive aspect that emerged was that all the exporters said they use several promotional techniques and not only one.
- In answer to another question regarding the awareness of the products offered by the companies analyzed on the domestic market, according to managers, the situation is presented as chart no. 8:

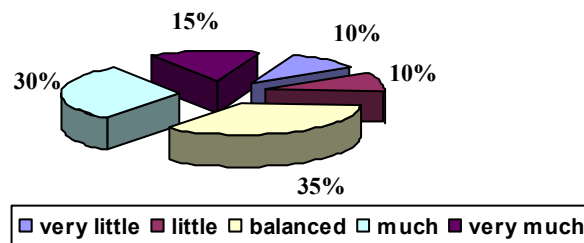


Chart. 8. The degree to which analyzed companies are known on the domestic market

- Analyzing the graph we observe that most companies are relatively known, following the one known within the domestic market, then the one well-known. With only 10% of the total, there are situated at equal the little and very little known companies. This favorable situation in some sort on the domestic market doesn't appear also on the foreign markets, meaning that 40% of those investigated can not even identify how their

products are known, and the 80% of the others responded that the products offered by the companies they manage are very little known in these markets.

- Regarding the image on the domestic market, 70% of the analyzed companies stated that they have a positive image, 15% very favorable and 15% indifferent (chart no. 9).

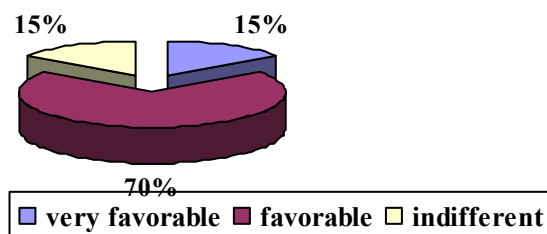


Chart no. 9. Image of the companies on the domestic market

Although at first view the situation is positive, given the high percentage of companies who said they have a good image on the national market, we believe that the answers are not very conclusive, since there were not based on analysis, research and monitoring of public opinion, but only on subjective considerations of managers.

- Regarding the external image, a very large number of managers, 45% respectively, were unable to determine which their company's image on foreign markets is; this is a particularly serious aspect demonstrating the empirical manner on the basis of which exports are done (chart no. 10).

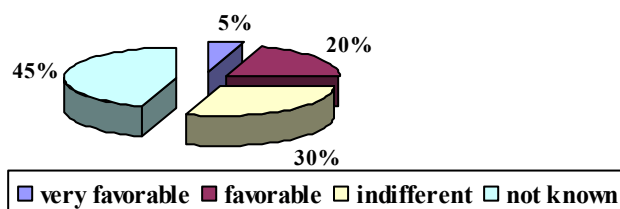


Chart no. 10. Image of analyzed companies on foreign markets

- The next question was aimed to identify the extent to which exporting companies acting according to some promotional strategies when trying to enter new markets, but also the acknowledgement of strategies used. A worryingly large proportion, i.e. 70% of investigated firms said they are using only occasionally promotional strategies for penetrating foreign markets, the others only gave some examples. We note that although these should stay in the focus of exporting firms, they can not be considered true promotional strategy, carefully analyzed and well implemented. We present some

examples given by exporters: identification of opinion leaders in the field, knowledge of competition, analysis of sales potential, knowledge of current legislation etc. (chart no. 11).

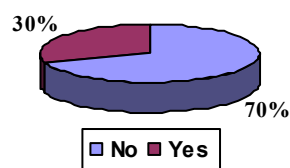


Chart no. 11. Use of promotional strategies for entering new markets

- Investigating areas of use of sponsorship, we noticed that quite a few companies, only 35% of the respondents use this promotional technique, although it is quite effective in costs, used of course with other tools of the promotional system. Regarding the sponsored fields, it dominates the sponsorship in sport, 50% of companies using this technique, and in cultural - with 40%, to the social being dedicated only 10%.
- Another shortcoming of the use of rigorous promotional systems results from the fact that about one quarter of companies surveyed said they do not prepare annual budgets for advertising. It follows therefore that there is no scheduled allotment of necessary funds for this activity, the advertising being occasionally carried out without any control of future operations of the advertising program or of correlations with the requirements and market needs (chart no.12).

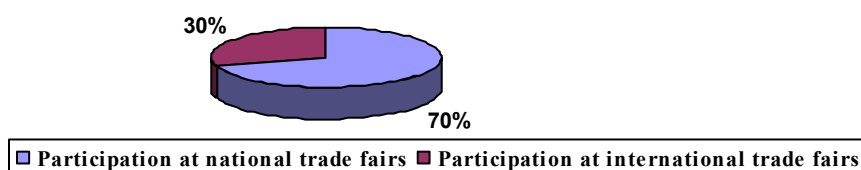


Chart no. 12. Preparation of annual advertising budgets

- Investigating the fairs and exhibitions to which exporting companies have participated in past five years, we found that 70% had national participation and only 30% of participation were at trade fairs, which shows poor efficiency of use of the promotional techniques, having in mind that these companies sell their products in foreign markets, so contacts with external partners, with the customers, which could have been done during international exhibitions, were underrepresented; this situation is presented in the chart no. 13.

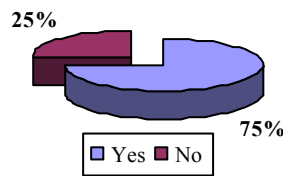


Chart no. 13. Participation at national and international trade fairs

- Regarding the effectiveness of participation in fairs and exhibitions, according to managers of firms interviewed, it consisted of: completion of new commercial contracts, knowledge of competition, increased sales during the fair, increasing the number of customers, entering new markets, and boost of firm sales. It follows a better understanding of this technique of the promotional system, though very few exporters have considered that the efficiency of the participation can be also transposed in a positive image of company during the talks held with potential business partners, of course if participation was successful, if the exhibition stand has been properly arranged and decorated.
- An atypical situation resulted from the analysis of the use of medias for advertising, meaning that the first place stood Internet, 2nd place was for newspapers, 3rd place – television, 4th place - display, billboards, and last place – the radio. We were saying this was a controversial situation because media agencies that monitor the advertising market states that the most used method to broadcast the message is television, followed by newspapers, radio, billboards and then the Internet. However, the situation is justified given that advertising on television is quite costly both in terms of production costs and distribution, being used primarily by companies having the necessary financial strength and giving the due weight to advertising. Regarding the Internet, many companies do not use advertising in the real sense, considering that it is sufficient to have a website for their company presentation, that is beneficial but not sufficient.
- Analyzing the evolution of export business over the past five years, we found that about 50%, have had stagnation in the volume of products exported, while only 30% had an increasing trend, and 20% a decreasing one. As follows from the research, this situation is due to the low involvement of exporters in the research of foreign markets, in the analysis of information on consumer opinion about offered products or services, in the creation of brands in foreign markets, in the use of the most appropriate promotional strategy to raise awareness about the Romanian products on those markets.

5. CONCLUSIONS

Development of proposals for improvement

Analysis on the sample of exporting firms showed that there are great difficulties in terms of export activity. Of course that poor promotion of products or services is just one of the causes that generated this situation. Competitiveness often lower of the products offered, the lack of seriousness of exporters in terms of delivery time, the quality of the lots offered, which sometimes is different from the quality mentioned in the contract, the poor preparation in terms of negotiating strategies, the development of advantageous trade agreements, the poor knowledge of international market demands, the adaptation to the needs of external customers, the lack of management strategies are some of the issues that perpetuate an unbalanced foreign trade, with profound disabilities. In this research we wanted to analyze the influence of promotional activities on boosting exports, the extent to which exporters realize the necessity of having promotional systems appropriate to type of activity they perform, and well suited to the markets whose demands must be met. In order to remove even partially the deficiencies, the following proposals should be noted in order to improve the activity of exporting companies:

- because there is still some managers of these enterprises who did not understand the importance of using complex promotional systems for boosting exports, we consider there is especially needed a greater involvement of governmental institutions, professional associations supporting export promotion at the macroeconomic level, providing as much information about foreign markets, about the need and importance of foreign trade with products known in these markets, to face fierce competition and high consumer requirements. We mention that although there is a fairly comprehensive institutional system, many exporters know it only in a small extent;
- support by providing expertise in the field, by organizing training courses for the directors of marketing departments, or where there is no such institutional structures, for the managers of companies, in which to present the need for strategic development of exporting firms, on the basis of the use of scientific instruments. We mention that some exporters believe that the scientific contribution is not necessary, considering that for profit-making, only cyclical economic situation affects their work, which led to an ineffective export within the economy as a whole, with serious consequences for the national economy;
- to obtain convergent actions regarding the promotion of products, we recommend as particularly needed the development of promotional programs that include appropriate promotional mixes for the target audience, and for the objectives of the firms. Sporadic actions, carried out at random, without supporting from experts can not lead to success in promoting products or services, on the contrary, the funding being often spent uselessly;
- because there are still exporting firms that do not call on the services of specialized agencies, nor have its own department, we propose the adoption of urgent measures in this regard;
- as a result of research, although there are exports to third markets, relatively few exporters promote their products or services internationally. Of course, there are higher costs favored by the implementation of appropriate promotional systems to the level of severity in these markets, the risks are higher, the knowledge required is higher, but if the area of broadcasting is not correlated with the area of the sales of products and with the target audience, the company's success can be achieved only randomly and without regularity;
- competition analysis is imperative for practicing beneficial commercial relationships. Also, knowing the factors influencing the volume of exports should concern managers of Romanian enterprises with foreign trade activity;
- although the experience of performing companies from developed countries shows that a great part of their results is due to successful brands, their value being able to significantly exceed patrimonial value, distinguishing the offer, certifying the quality and determining repeated acquisition, even customer loyalty, these aspects are not considered as they should by some exporters, with adverse consequences on sales. We propose in this regard, a bigger effort in the construction of known and recognized brands in foreign markets, even if on short-term this suppose important financial and human resources involvement, but the results are worth the efforts;
- because there are many companies that are well known in foreign markets and a significant part of them can not appreciate the image they have in these markets, we recommend calling on companies specialized in market research and public opinion in order to rigorously identify the deficiencies and to adopt the most appropriate measures for improvement in this respect. Construction of companies' identity in foreign markets can be

achieved through information disseminated by the media, through advertising, through maintaining relationships with the local community, through the expression of the opinions of the organization's members made in public, but also by the satisfaction of consumers after using the products or services provided ;

- we also recommend the implementation of promotional systems only on the basis of strategies based on analysis and research, and not on empirical grounds, as still practiced today by some exporting companies, as shown in the research ;
- regarding the participation of companies in exhibitions, we recommend a greater emphasis on participation in trade fairs, the exhibitors having the possibility to contact foreign partners, to identify the place on the market in comparison with the firms that offer similar products or services, to find the requirements of consumers from those markets, to promote the company's image.

These proposals are a step in the process of improving the promotional activity carried out by Romanian companies for boosting exports, with positive consequences on the entire national economy, on the country image of Romania which is quite poor at this moment.

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